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NATIONAL INTELLIGENCE DAILY CABLE

Friday November 12, 1976 CI NIDC 76-265C

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DIA review completed

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National Intelligence Daily Cable for Friday November 12, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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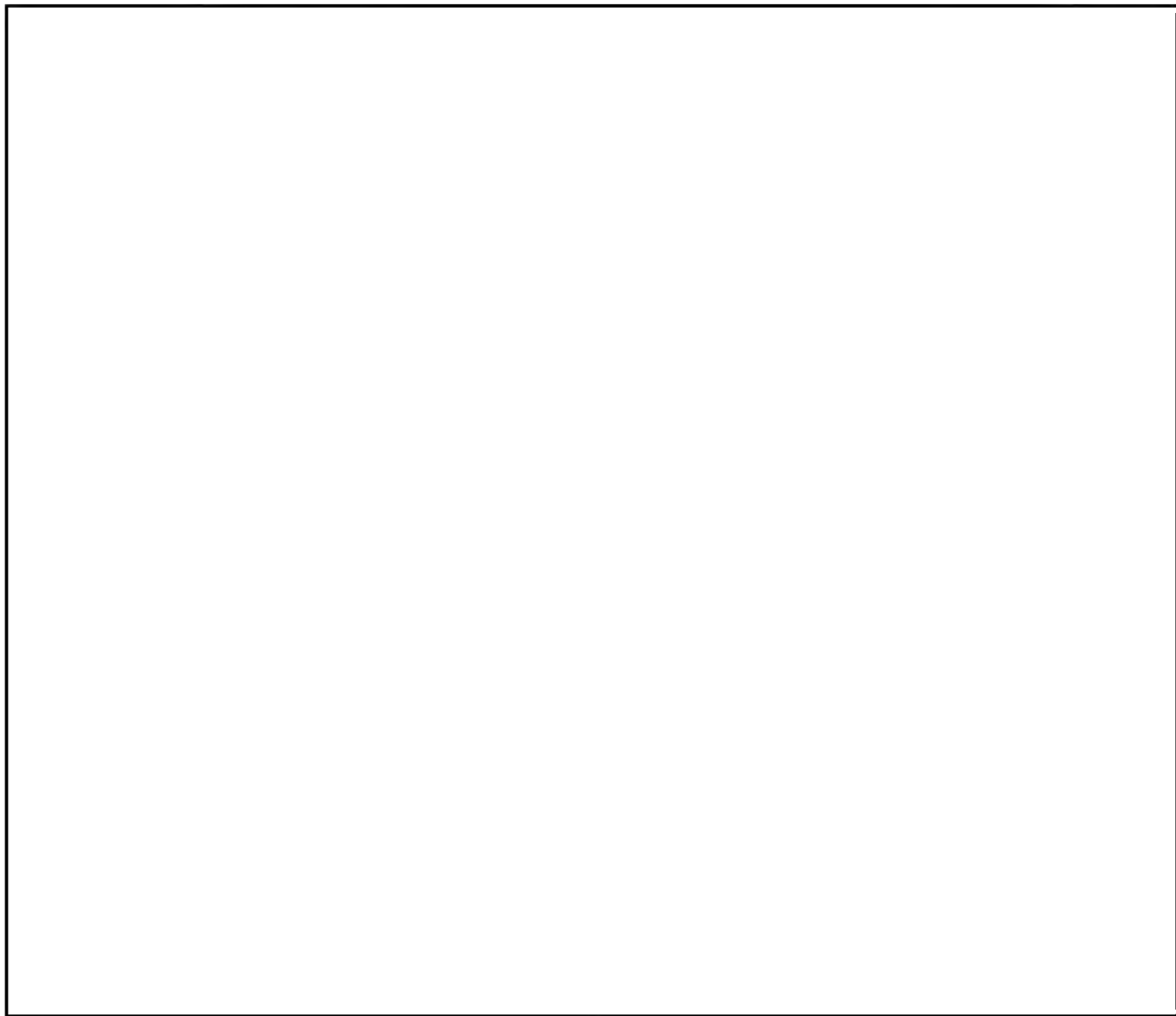
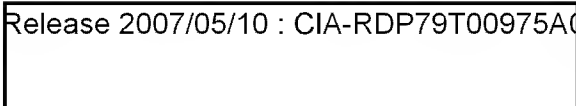
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ANGOLA: Anti-guerrilla Operation

 The government offensive against National Union guerrillas in southern Angola appears to be the most ambitious effort by the Neto regime to establish control over an area of the country in which it has no ethnic or political links.

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[REDACTED] //The attacking forces are said to be concentrated around Rocadas and between the Cunene River and Pereira de Eca. Their present objective is to reach Cuamato.//

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[REDACTED] South African press reports assert that the guerrillas are being pushed back into southeastern Angola. The government forces apparently have sealed the Angola-Namibia border, sharply reducing the flow of refugees across it. //The National Union's supply lines to South African military sources in northern Namibia also may have been cut in the process.//

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[REDACTED] The South Africans are undoubtedly watching the fighting in southern Angola with apprehension. They have been counting on the National Union to keep Angolan government forces on the defensive in that area in the hope of slowing down SWAPO preparations for an intensified insurgency in Namibia.

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[REDACTED] The offensive, however successful, almost certainly will not liquidate the National Union of Jonas Savimbi. The guerrillas will simply fade deeper into the southern Angolan countryside, where they can count on local support. [REDACTED]

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LEBANON: Situation Report

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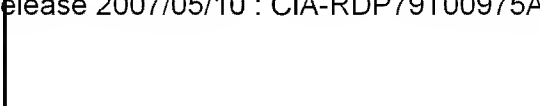
[REDACTED] Syrian peacekeeping forces resumed their advance into Beirut today, where they are to take up positions along the main confrontation line.

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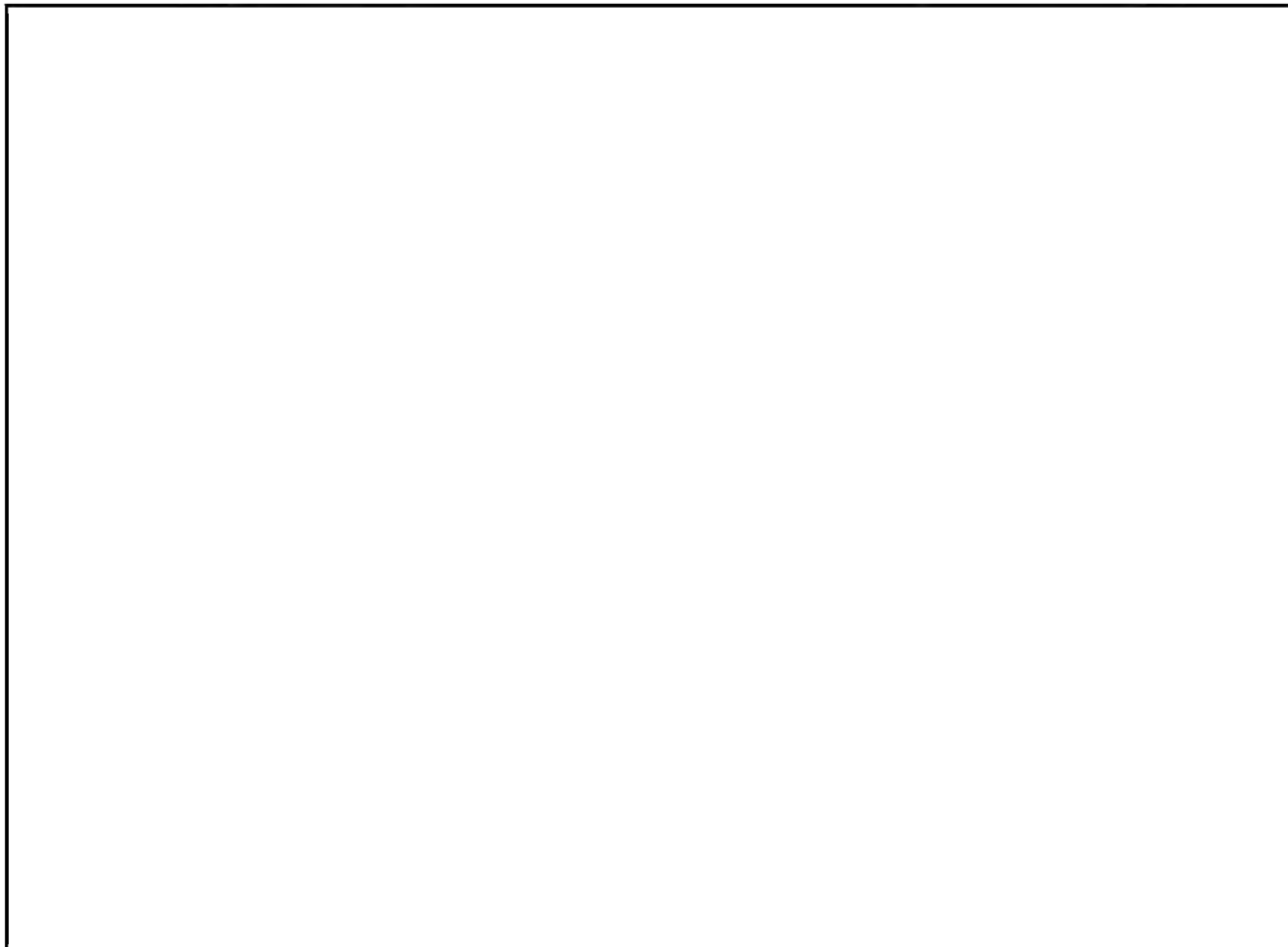
[REDACTED] The capital remains fairly quiet, although some sniping and artillery exchanges persist. In the North, the situation around Tripoli is still tense, and in the south the Israelis yesterday acknowledged shelling some Palestinian positions from across the border. Both the Israelis and Christians have been periodically bombarding Bint Jubayl, the one remaining Palestinian foothold in the extreme south, for days to prevent the Palestinians from reinforcing it. [REDACTED]

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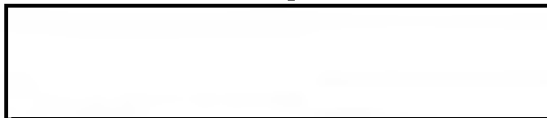
EGYPT: Political Parties

 In a move apparently designed to give the impression that Egypt now enjoys full political freedom, President Sadat last night announced that the three subdivisions of the Arab Socialist Union, heretofore Egypt's only legal political party, would become separate parties in their own right.

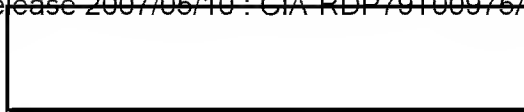
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 Sadat stipulated, however, that the Arab Socialist Union should control the new parties' financial resources and assure that their activities do not "undermine the country's unity."

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 Sadat was addressing the first session of the People's Assembly elected last week. During the election campaign, the three organizations of the Arab Socialist Union--a leftist and a rightist group and a pro-government centrist group--separately sponsored candidates in Egypt's first experiment with multiple political organizations.

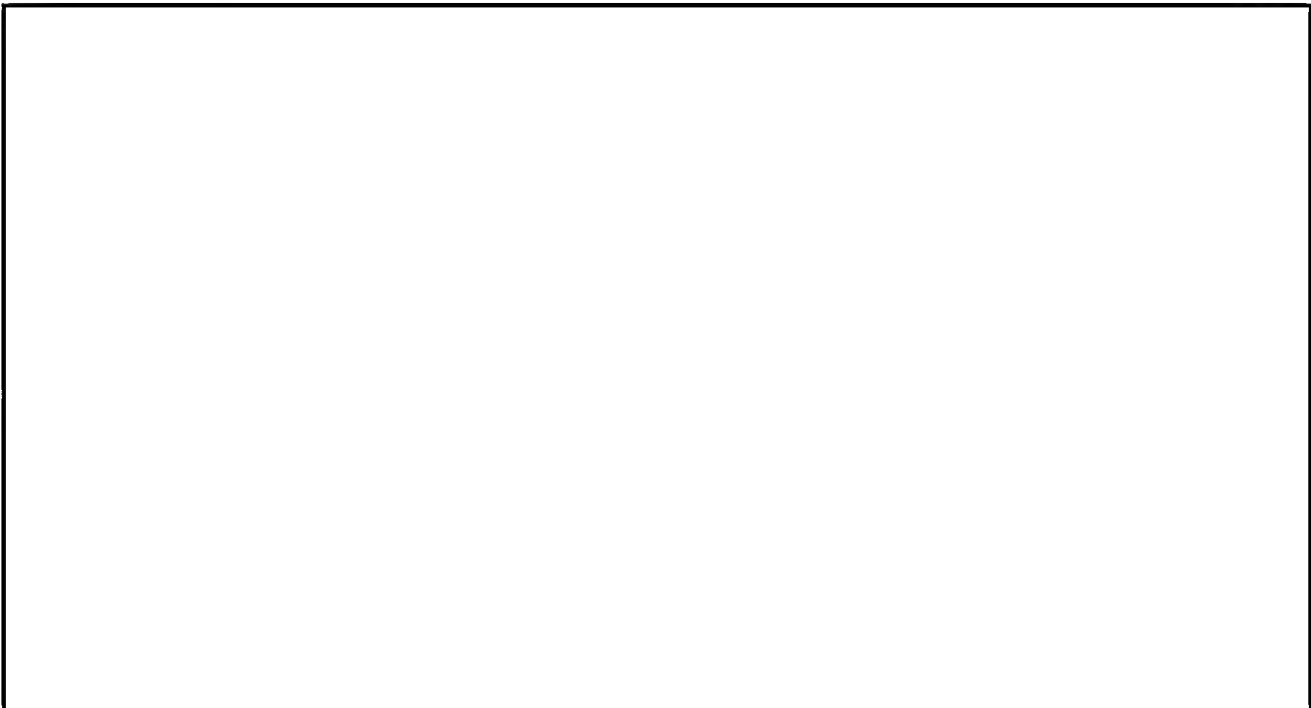
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 Sadat has over the past few years taken several measured steps toward political and social liberalization, but he has exerted careful, if indirect, control over the full expression of political dissent. The new parties will be little more independent as parties than they were as groups controlled by the Arab Socialist Union. 


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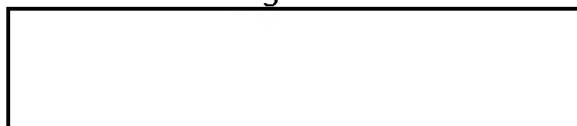
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PORTUGAL-EC: Membership Bid

 //Portugal has reaffirmed its intention to seek early admission to the EC despite renewed indications that the Community prefers to hold off until the Portuguese economy has stabilized.//

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[redacted] //Prime Minister Soares plans to submit a formal membership bid after he has toured the EC capitals, probably early next year. At a congress of his Socialist Party last month, he defended Portugal's drive for admission on the grounds that:

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--Portugal must look to the Community for help in its economic reconstruction now that its colonial ties have been severed.

--The three leading political parties strongly support the move; only the Communists are opposed.

--The fraternal ties the Socialist Party has established with its counterparts in EC member countries should facilitate the negotiation of favorable membership terms.//

[redacted] //Soares believes local elections scheduled for next month will provide further evidence of Portugal's commitment to democracy and strengthen its membership credentials.

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[redacted] //EC members are apprehensive about bringing Portugal into the Community. At a recent meeting in Lisbon, EC Commission officials said that the Portuguese economy should be stabilized before a formal membership bid is considered.//

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[redacted] //Because of the seriousness of these difficulties and the poor prospects for improvement in the near term, the Commission suggested that Portugal agree to a pre-membership transition period. The Commission argues that even though such a formula would postpone full membership, Portugal's immediate political need to prove its acceptability to the West Europeans would be satisfied, while its economy would have more time to adjust to the demands of full membership.//

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[redacted] //The Commission proposed a similar arrangement for Greece earlier this year, but concern about Turkey's attitude led the EC foreign ministers to reject it. The Nine may be more willing to consider the proposal in Portugal's case. Some members--particularly France--believe that too great a strain would be placed on Community resources by incorporating Portugal, whose economy is weaker than Greece's. West Germany and the UK, on the other hand, strongly support Portuguese accession. [redacted]

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UK: Government Setback

[] //The Callaghan government suffered a significant defeat in the House of Commons early this morning following the surprising legislative defection of right-wing Labor members of Parliament.//

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[] //We have no information as yet that Prime Minister Callaghan intends to call for an immediate vote of confidence to erase the stain of defeat. Earlier this year then - prime minister Wilson recovered from an embarrassing parliamentary defeat caused by leftist defections by calling for and winning a confidence vote.//

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[] //If Callaghan chooses this same course, there will be intense pressure from fellow Labor members of Parliament as well as from powerful trade union leaders on the rebels to return to the fold.//

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[] //Callaghan's setback came on a government attempt to remove a House of Lords amendment to a bill designed to give the dockworkers a monopoly over cargo handling within five miles of all port areas. The upper house amendment cut this distance to a half mile.//

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[] //Labor leaders were furious with the rebels, particularly since they had not given government whips any advance warning of their intended action. At least one of the dissidents has subsequently indicated he may abstain on other major pieces of legislation slated to be voted on this week. []

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EC: Delays in Assistance to UK

[] //The EC finance ministers, meeting this week in Brussels, decided to delay any action on possible Community assistance to the UK until Britain's negotiations for a \$3.9 billion IMF loan are completed.//

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[REDACTED] //The Commission doubts that the Community has adequate reserves to launch a rescue operation on its own. It notes that only West Germany, and perhaps the Netherlands, could make a substantial contribution, and that EC funds will probably have to be earmarked to provide further economic support to Italy.//

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[REDACTED] //General agreement was reached, however, on the method the Community will adopt in assuming Britain's \$486-million share of the EC credit granted Italy in 1974--which the UK wants repaid by December 9. The Commission expects to be given the authority to borrow the necessary medium-term funds when the finance ministers meet on November 22.//

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[REDACTED] //Commission officials appear convinced that any Community effort to help rescue the pound would have to be part of a much larger operation including the US and Japan. [REDACTED]

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FINLAND: Military Equipment Purchases

[REDACTED] Finland reportedly has reached agreements to purchase major military equipment for its air and air defense forces from the UK and the USSR. These deals are in keeping with Finland's long-standing policy of trying to balance arms purchases between East and West.

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[REDACTED] According to the US defense attache in Helsinki, the Finnish state council approved the selection of the British Hawk aircraft to replace aging Fouga Magistere trainers. The decision followed nearly two years of intense competition among entries from France, Italy, Sweden, and Czechoslovakia. Finnish officials will soon begin final negotiations with the UK for the purchase of 50 Hawks to serve as both ground attack aircraft and advanced trainers.

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[REDACTED] The Finns apparently chose the British aircraft because of the attractive terms London proposed to offset the purchase. The offset package, reportedly worth more than the cost of the Hawks, will include British purchases of Finnish products and Finnish subcontracting for some Hawk components. The UK also apparently will buy some of Finland's new Leko-70 light trainer aircraft.

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[redacted] Even with the Hawk, the Finnish air force, which is restricted in size by the Paris Peace Treaty of 1947, would still be largely incapable of performing most of its assigned missions. The Hawk nevertheless would help modernize the air force inventory and acquaint Finnish trainees with newer technology.

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[redacted] //The agreement with the USSR, Finland's major arms supplier, reportedly involves a Soviet surface-to-air missile system. The agreement probably was reached during a visit to the USSR by a high-level Finnish military delegation in mid-September. According to the US defense attache, the equipment will be acquired under the terms of the five-year trade accord signed between the two countries last year.//

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[redacted] The addition of the SAMs would markedly improve Finland's air defense network, which presently consists of anti-aircraft artillery that is only partly radar-controlled. Finland's other SAMs--obsolescent British Thunderbirds acquired in late 1960s--are used only for training. [redacted]

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UK: Nationalization Legislation

[redacted] //The Callaghan government's legislation to nationalize the aircraft and shipbuilding industries squeaked through the House of Commons last night.//

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[redacted] //In a series of close votes Labor struck down all the crippling amendments tacked on by the Conservative-dominated House of Lords. The narrowness of the government's margin last night underlines Labor's precarious parliamentary situation and its limited maneuvering room on controversial issues.//

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[redacted] //The nationalization bill will now be referred back to the upper house where Tory peers will have to consider whether further opposition to the measure is worth the constitutional confrontation it would precipitate; many Laborites are already calling for the abolition of the House of Lords.//

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[redacted] //Three other important--and vulnerable--items in the government's legislative program are scheduled to be voted on in the next few days. [redacted]

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